

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

In re	)	Chapter 11
	)	
VELSICOL CHEMICAL LLC, <i>et al.</i>	)	No. 23-12544
	)	(Jointly Administered)
Debtors.	)	
	)	Hon. David D. Cleary
	)	

---

**NOTICE OF MOTION**

PLEASE TAKE NOTICE that on **Wednesday, December 20, 2023, at 10:00 a.m.**, I will appear before the Honorable Judge David D. Cleary, or any judge sitting in that judge's place, either in courtroom 644 in the Dirksen United States Courthouse, 219 S. Dearborn Street, Chicago, Illinois, or electronically as described below, and present the **Motion of the District of Columbia Pursuant to Federal Rule of Bankruptcy Procedure 2004 For Order Authorizing Discovery Relating to Debtors and Related Entities and Individuals**, a copy of which is attached.

**Important: Only parties and their counsel may appear for presentment of the motion electronically using Zoom for Government. All others must appear in person.**

**To appear by Zoom using the internet**, go to this link: <https://www.zoomgov.com/>. Then enter the meeting ID and passcode.

**To appear by Zoom using a telephone**, call Zoom for Government at 1-669-254-5252 or 1-646-828-7666. Then enter the meeting ID and passcode.

**Meeting ID and passcode.** The meeting ID for this hearing is 161 122 6457, and the passcode is Cleary644.

**If you object to this motion** and want it called on the presentment date above, you must file a Notice of Objection no later than two (2) business days before that date. If a Notice of Objection is timely filed, the motion will be called on the presentment date. If no Notice of Objection is timely filed, the court may grant the motion in advance without calling it

Dated: December 11, 2023

Respectfully submitted,  
**THE DISTRICT OF COLUMBIA,**

By: /s/ Kevin H. Morse  
One of Its Attorneys

Kevin H. Morse (ARDC #6297244)  
CLARK HILL PLC

130 East Randolph Street | Suite 3900  
Chicago, Illinois 60601-6317  
T: (312) 985-5595 | F: (312) 985-5984  
[kmorse@clarkhill.com](mailto:kmorse@clarkhill.com)  
[jarchambeau@clarkhill.com](mailto:jarchambeau@clarkhill.com)

**CERTIFICATE OF SERVICE**

I, Kevin H. Morse, an attorney, certify that I served a copy of this notice and the attached motion to be served on each party listed below via the method indicated on December 11, 2023.

/s/ Kevin H. Morse

**CM/ECF:**

**BMC Group, Inc**

[tfeil@bmcgroup.com](mailto:tfeil@bmcgroup.com)

[evalles@bmcgroup.com](mailto:evalles@bmcgroup.com)

[lruppaner@bmcgroup.com](mailto:lruppaner@bmcgroup.com)

**Quinette Bonds**

[bonds.quinette@pbgc.gov](mailto:bonds.quinette@pbgc.gov)

**Matthew Brash**

[mbrash@newpointadvisors.us](mailto:mbrash@newpointadvisors.us)

[I003@ecfcbis.com](mailto:I003@ecfcbis.com)

**Eric J. Breithaupt**

[ebreithaupt@joneswalden.com](mailto:ebreithaupt@joneswalden.com)

[jwdistribution@joneswalden.com](mailto:jwdistribution@joneswalden.com)

**Shantel Chapple Knowlton**

[schappleknowlton@edelson.com](mailto:schappleknowlton@edelson.com)

**Scott D. Fink**

[ecfnil@weltman.com](mailto:ecfnil@weltman.com)

**Robert W Glantz**

[rglantz@muchlaw.com](mailto:rglantz@muchlaw.com)

[ccafcules@muchlaw.com](mailto:ccafcules@muchlaw.com)

**Leon Jones**

[ljones@joneswalden.com](mailto:ljones@joneswalden.com)

[jwdistribution@joneswalden.com](mailto:jwdistribution@joneswalden.com)

**Patrick S Layng**

[USTPRegion11.ES.ECF@usdoj.gov](mailto:USTPRegion11.ES.ECF@usdoj.gov)

**Kevin H Morse**

[kmorse@clarkhill.com](mailto:kmorse@clarkhill.com)

[blambert@clarkhill.com](mailto:blambert@clarkhill.com)

**Daniel Robertson**

[robertson.daniel@pbgc.gov](mailto:robertson.daniel@pbgc.gov)

**Jeffrey M Schwartz**

[jschwartz@muchshelist.com](mailto:jschwartz@muchshelist.com)

[wballinger@muchlaw.com](mailto:wballinger@muchlaw.com)

**Andrea Wong**

[wong.andrea@pbgc.gov](mailto:wong.andrea@pbgc.gov)

**U.S. Mail:**

Velsicol Chemical LLC  
10400 W. Higgins Rd., Ste. 303  
Rosemont, IL 60018

Velsicol Chemical Holdings Corporation  
10400 W. Higgins Rd., Ste. 303  
Rosemont, IL 60018

Resnovae Holdings Corporation  
10400 W. Higgins Rd., Ste. 303  
Rosemont, IL 60018

Timothy Horn  
Velsicol Chemical LLC, President  
Resnovae Holdings Corporation, Shareholder  
10400 W. Higgins Rd., Ste. 303  
Rosemont, IL 60018

Dennis T. Leu  
Resnovae Holdings Corporation, Board  
Member/Officer  
10400 W. Higgins Rd., Ste. 303  
Rosemont, IL 60018

Sherman Friedman  
Velsicol Chemical LLC, VP of  
Communications  
Resnovae Holdings Corporation, Shareholder  
10400 W. Higgins Rd., Ste. 303  
Rosemont, IL 60018

George Harvell  
Velsicol Chemical LLC, VP of  
Environmental  
Resnovae Holdings Corporation, Shareholder  
10400 W. Higgins Rd., Ste. 303  
Rosemont, IL 60018

John Bonsor  
Velsicol Chemical LLC, VP of Supply Chain  
Resnovae Holdings Corporation, Shareholder  
10400 W. Higgins Rd., Ste. 303  
Rosemont, IL 60018

Arsenal Capital Partners  
100 Park Avenue, 31st Floor  
New York, NY 10017

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

In re	)	Chapter 11
	)	
VELSICOL CHEMICAL LLC, <i>et al.</i>	)	No. 23-12544
	)	(Jointly Administered)
Debtors.	)	
	)	Hon. David D. Cleary
	)	

---

**MOTION OF THE DISTRICT OF COLUMBIA PURSUANT TO FEDERAL RULE  
OF BANKRUPTCY PROCEDURE 2004 FOR ORDER AUTHORIZING  
DISCOVERY RELATING TO DEBTORS AND RELATED ENTITIES  
AND INDIVIDUALS**

The District of Columbia (“the District”), files this motion (“Motion”) for the entry of an order authorizing discovery relating to Velsicol Chemical, LLC (“Velsicol Chemical”), Velsicol Chemical Holdings Corporation (“Velsicol Holdings”) and Resnovae Holdings Corporation (“Resnovae”) (collectively, the “Debtors”), as well as related individuals and entities, pursuant to Fed. R. Bankr. P. 2004. In support thereof, the District states as follows:

**I. Background Facts**

1. On September 21, 2023 (the “Petition Date”), the Debtors filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Northern District of Illinois—Eastern Division (the “Bankruptcy Court”).

2. On September 22, 2023, Matthew Brash was appointed Subchapter V Trustee (the “Trustee”) in each of the Debtors’ cases.

3. The Bankruptcy Court set December 20, 2023 as the deadline for filing a plan of reorganization.

4. The initial meeting of creditors pursuant to section 341 of the Bankruptcy Code was conducted on October 30, 2023. The meeting of creditors concluded on November 13, 2023.

5. Pursuant to Rule 2004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules” and, each, a “Rule”), the District seeks an opportunity to obtain documents relating to the financial condition of the Debtors, as well as conduct Rule 2004 examinations under oath of each of the Debtors and certain related individuals and entities after review of all documents. *See* Fed. R. Bankr. P. 2004.

6. Shortly before the Debtors filed petitions in Bankruptcy Court, Velsicol Chemical produced limited financial documentation during discovery in environmental litigation brought by the District in the Superior Court of the District of Columbia. *District of Columbia v. Velsicol Chemical LLC*, Case No. 2022 CA 004711 B (D.C. Superior Court) (Tunnage, J.).

7. The District seeks the opportunity to examine the Debtors, through their designees, and ask particular questions regarding the acquired documents, under oath, and obtain additional relevant documents.

8. The financial documents produced thus far by the Debtors strongly suggest that Resnovae’s individual shareholders, as well as predecessor owner Arsenal Capital Partners—whose Managing Partner and Co-Chief Investment Officer has served as a Board Director of Velsicol Chemical—possess information relevant to the Debtors’ acts, conduct, and financial condition, including information related to the final disposition of assets of the Debtors believed to total in the tens of millions of dollars.

9. Exhibit A to this Motion is a copy of the Request for Production of Documents that the District seeks authority to serve on Debtors.

10. Exhibits B, C, and D to this Motion are copies of the Notices of Rule 2004 Examination of Velsicol Chemical, Velsicol Holdings, and Resnovae, respectively.

11. Exhibit E to this Motion is a copy of a Notice of Rule 2004 Examination of Arsenal Capital Partners, a predecessor owner of the Debtor companies.

12. Exhibits F through J to this Motion are copies of the Notices of Rule 2004 Examination of the shareholders of Resnovae.

13. The District has previewed the terms of this Motion with the Trustee. The Trustee has also requested to be present at any Rule 2004 examinations and has not expressed any opposition to the District seeking the requested documents or scheduling the aforementioned examinations.

## **II. Relief Requested**

14. The District respectfully requests that the Court grant it authorization to serve Requests for Production of Documents on Debtors, and to conduct Rule 2004 examinations of Debtors and certain related individuals and entities under Rule 2004, as well as such other relief as is just and proper.

## **III. Basis for Relief**

15. Bankruptcy Rule 2004 provides that “[o]n motion of any party in interest, the court may order the examination of any entity.” Fed. R. Bankr. P. 2004(a). Under Bankruptcy Rule 2004, a party in interest may seek both documents and oral discovery related to “the acts, conduct, or property or to the liabilities and financial condition of the debtor, or to any matter which may

affect the administration of the debtor's estate, or to the debtor's right to a discharge." Fed. R. Bankr. P. 2004(b), (c). *See also In re Sheetz*, 452 B.R. 746, 748 (Bankr. N.D. Ind. 2011).

16. Courts in this district have noted that, "[w]here there is a showing that the purpose of the examination is to enable a party to probe into matters which may lead to the discovery of assets by examining not only the debtor, but also other witnesses, such inquiry is allowed." *In re Handy Andy Home Imp. Centers, Inc.*, 199 B.R. 376, 379 (Bankr. N.D. Ill. 1996) (quoting *In re Mittco, Inc.*, 44 B.R. 35, 36 (Bankr.E.D.Wisc.1984)) (other citation omitted); *see also In re Recoton Corp.*, 307 B.R. 751, 755 (Bankr. S.D.N.Y. 2004) ("The purpose of a Rule 2004 examination is to assist a party in interest in determining the nature and extent of the bankruptcy estate, revealing assets, examining transactions and assessing whether wrongdoing has occurred.") (citation omitted).

17. Courts have noted that a Rule 2004 examination is "nonadversarial in nature and aimed at discovering evidence upon which future causes of action may be based..." *In re Asia Global Crossing, Ltd.*, 322 B.R. 247 (Bankr. S.D. N.Y. 2005) (quoting HON. BARRY RUSSELL, BANKRUPTCY EVIDENCE MANUAL § 501.3, at 826 (2004 ed.)).

18. The right of a party in interest to seek production of documents pursuant to Bankruptcy Rule 2004, as well as the permitted scope of such production, is extremely broad. *See In re Fearn*, 96 BR 135, 137 (Bankr. S.D. Ohio 1988). Indeed, production of documents pursuant to Bankruptcy Rule 2004 may be undertaken to determine whether a cause of action against the party required to produce such documents may lie. *See In re GHR Energy Crop.*, 35 BR 534 (Bankr. D. Mass. 1983). Further, unlike discovery under Federal Rules of Civil Procedure, discovery under Bankruptcy Rule 2004 can be used as a "pre-litigation discovery device." *In re*



*Wilson*, 413 B. R. 330 (Bankr. E.D. La. 2009); *see also In re Symington*, 209 B.R. 678, 683 (Bankr. D. Md. 1997).

19. In the present matter, shortly before the Debtors filed petitions in Bankruptcy Court, Velsicol Chemical produced limited financial documentation during discovery in environmental litigation brought by the District in the Superior Court of the District of Columbia. *District of Columbia v. Velsicol Chemical LLC*, Case No. 2022 CA 004711 B (D.C. Superior Court) (Tunnage, J.).

20. The District seeks the opportunity to examine the Debtors, through their designees, and ask particular questions regarding the acquired documents, under oath, and obtain additional relevant documents that the District believes may lead to potential assets and/or causes of action for the benefit of creditors. The District submits that ample cause exists pursuant to Bankruptcy Rule 2004 to authorize the District to examine the Debtors and to propound discovery requests seeking documents related to “the acts, conduct, or property or to the liabilities and financial condition of the debtor[s].” Fed. R. Bankr. P. 2004(b).

21. The financial documents obtained thus far by the District strongly suggest that Debtor Resnovae’s individual shareholders, as well as predecessor owner Arsenal Capital Partners—whose Managing Partner and Co-Chief Investment Officer has served as a Board Director of Velsicol Chemical—possess information related to the “acts, conduct, or property or to the liabilities and financial condition of the debtor[s].” Fed. R. Bankr. P. 2004(b).

#### **IV. Reservation of Rights**

22. The District reserves the right to seek authority for additional examinations pursuant to Bankruptcy Rule 2004 in this matter, as warranted.

WHEREFORE, the District of Columbia respectfully requests that the Court enter an Order: (1) authorizing the District to serve requests for production of documents on the Debtors;

(2) authorizing and scheduling examinations of the Debtors; (3) authorizing and scheduling examinations of Resnovae's individual shareholders and predecessor owner Arsenal Capital Partners; and (4) for such further relief as this Court deems appropriate under the circumstance.

Dated: December 11, 2023

Respectfully submitted,

**THE DISTRICT OF COLUMBIA**

By: /s/ Kevin H. Morse  
Kevin H. Morse (ARDC #6297244)  
CLARK HILL PLC  
130 East Randolph Street, Suite 3900  
Chicago, Illinois 60601-6317  
Tel: (312) 985-5595  
Fax: (312) 985-5984  
kmorse@clarkhill.com

- and -

Shantel Chapple Knowlton\*  
EDELSON PC  
350 N. LaSalle Street, Suite 1400  
Chicago, Illinois 60654  
Tel: (312) 589-6370  
schappleknowlton@edelson.com

\*Admitted *pro hac vice*

*Attorneys for the District of Columbia*